



Rating Rationale

Shri Rameshwar Polymers

12 Oct 2017

Brickwork Ratings reaffirms the long term ratings for the Bank Loan Facilities of Shri Rameshwar Polymers. ('SRP' or 'The Firm')

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Cash Credit	2.50	2.50	Long Term	BWR BB- (Pronounced as BWR double B Minus)	BWR BB- (Pronounced as BWR double B Minus)
Term Loan - I	1.34	0.74		(Outlook: Stable)	(Outlook: Stable)
Term Loan - II	1.64	1.53			
Term Loan - III	3.19	3.04			reaffirmed
Total	8.67	Rs. 7.81 Crs (Rupees Seven Crores and Eighty One Lakhs only)			

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Reaffirmed

Rationale/Rating Sensitivities:

BWR has essentially relied upon the firm's audited financial results up to FY17, projections of FY18, FY19 & FY20, publicly available information and clarifications/information provided by partners.

The rating reaffirmation draws strength from satisfactory debt protection metrics and moderate financial risk profile of the company with comfortable leveraging and liquidity position. The rating also considers the availability of manpower at lower cost in nearby area.



The ratings are however, constrained by relatively low scale of operations and thin profitability. The rating also takes into account that the inherent risk is associated with a partnership constitution and the intense competition faced by firm from various local players offering similar products.

Going forward ability of the firm to improve its scale of operation, maintain growth and to manage its working capital efficiently will be the key rating sensitivities.

Key Rating Drivers:

Satisfactory debt protection metrics with moderate financial risk profile: DSCR and ISCR are comfortable at 1.40 and 2.81 times respectively in FY17. Leveraging position is comfortable in FY17 with the Total Debt/TNW at 0.76 times and TOL/TNW at 0.79 times.

Low scale of operations: The firm's scale of operations are relatively low with capacity utilizing of about 40-45% achieving a revenue of Rs.6.62 Crs in FY 17, the first full year of operations. The company has reported a revenue of Rs. 4.35 Crs for HYFY18.

Profitability is thin with NPM at 0.61% in FY17.

Rating Outlook: Stable

BWR believes the Shri Rameshwar Polymers's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Firm

Shri Rameshwar Polymers was established in 2013 as a partnership concern and it is based in Karjan, Vadodara. The firm is involved into manufacturing of PP/HDPE Sheets up to 6 mm thickness and 2100 mm width. Day to day operations of the firm are managed by Mr. Jaykumar Teraiya, Mrs. Chandrika Teraiya and Mr. Kamlesh Joshi.

Firm Financial Performance

The firm has recorded a total operating income of Rs. 6.62 Crs and a PAT of Rs. 0.04 Crs in FY17 against a total operating income of Rs. 4.47 Crs and a net loss of Rs. -0.05 Crs in FY16. Tangible net worth of the firm stood at Rs. 6.08 Crs as at 31.03.2017.

Key Financial Figures			
Particulars	Unit	FY16 (Audited)	FY17 (Audited)
Operating Income	Rs. Crores	4.47	6.62
EBITDA	Rs. Crores	0.35	0.60
PAT	Rs. Crores	-0.05	0.04
Tangible Networkth	Rs. Crores	2.68	6.08
Total Debt	Rs. Crores	2.36	4.62
Total Debt : Equity	Times	0.88	0.76

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History			
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	15 th Sept, 2016		Date in 2015	Date in 2014
				Amount (Rs Crs)	Rating			
1	Fund Based Limit	Long Term	7.81	BWR BB- (Pronounced as BWR double B Minus) (Outlook: Stable) reaffirmed	8.67	BWR BB- (Pronounced as BWR double B Minus) (Outlook: Stable)	-	-
Total		Rs. 7.81 Crs (Rupees Seven Crores and Eighty One Lakhs only)						

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Short Term Debt](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)



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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA& the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹ 19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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